

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: Lisa Goldman
Acting City Manager

Date: January 4, 2011

Re: Adopt a Resolution Authorizing the Interim City Manager to Apply for Annexation into the Alameda County Emergency Medical Services Special District and Authorize the Interim City Manager to Initiate a Special Tax Election to Provide Financial Support for Annexation into the District

BACKGROUND

In 1982, Alameda County voters approved a measure creating an Emergency Medical Services (EMS) District, and authorized cities in Alameda County to levy a benefit assessment to fund the costs of the EMS District. The City of Alameda declined to join the EMS District and levy the annual assessment. In 1997, pursuant to the requirements of Proposition 218, the annual assessment was converted to a special tax, and the County placed a subsequent measure on the ballot to authorize the tax (Measure C). The City of Alameda again declined to join the EMS District (the only city in Alameda County to do so), and the property tax measure was not placed before the Alameda voters.

In lieu of joining the EMS District, the City of Alameda elected to provide EMS services through its Fire Department by contracting with the County as the exclusive EMS provider within the City of Alameda. The initial contract between the City and the County was executed in 1997, and provided that the City would pay the County \$630,000 annually from its General Fund – the then-equivalent amount the County would have received from Alameda tax payers, had Alameda elected to participate in the EMS District.

The City continued to contract with the County until 2005, when a contract dispute arose. Contract negotiations between the two parties have been ongoing since 2005, and the City's Fire Department continued to provide EMS services despite the lack of a formalized contract. On September 8, 2010, the City received a letter from the Alameda County Health Care Services Agency (ACHCS) stating the City must execute a contract with ACHCS by January 3, 2011, or the County would remove its designation of the Alameda Fire Department as the exclusive EMS provider for the City of Alameda.

The City Council voted on December 7, 2010 to authorize the Interim City Manager to negotiate and execute the agreement with ACHCS. The City Council also authorized

an appropriation of \$857,831 from General Fund cash balance, since contract costs were not included in the City's FY10-11 operating budget. Under the terms of the contract, the City is obligated to pay the amount equivalent to what would have been generated by the EMS District Special Tax, annually. In order to offset future contract costs as a General Fund expenditure, staff recommended in its December 7, 2010, staff report that EMS District annexation proceedings and Proposition 218 Special Tax procedures commence immediately.

DISCUSSION

District annexation proceedings are considered local government reorganizations, and are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act). Under the Act, the Alameda County Local Agency Formation Commission (LAFCo) is responsible for considering and approving reorganizations. LAFCo operates independently from the state and the county, and is made up of elected officials from the county, local cities, special districts, and members of the general public.

LAFCO Annexation Process

In order to annex into the Alameda County EMS District, the City of Alameda must first apply for annexation with the Alameda County LAFCo. Major elements of the LAFCo application include:

Resolution of Application: The resolution of application serves as a request for LAFCo to begin the annexation proceedings. The resolution also serves as a public notice of intent that annexation proceedings will commence.

Plan for Financing and Providing Municipal Services: A plan for financing and providing municipal services must be addressed in the application. Since the City already provides services within and in compliance with the EMS District, the application will describe the existing operational mechanisms. A special tax will act as the financing mechanism for the annexation. Final annexation approval is subject to the positive results of a Prop. 218 tax process. (The process for the special tax will be discussed in further detail later in the staff report).

Environmental Clearance: Annexations are subject to compliance with the California Environmental Quality Act (CEQA), which requires public agencies to assess the environmental impact of actions taken by projects subject to CEQA.

Indemnification Agreement: The City must indemnify LAFCo for any claims, actions, or proceedings brought against the approval of the application or environmental documents filed.

Maps and Parcel Data: Annexations require a change of jurisdictional boundary filing with the State Board of Equalization, and maps and parcel data are necessary to document the annexation.

In addition to the application, LAFCo proceedings require three separate public meetings to complete the annexation process. The first meeting is the application review meeting in which LAFCo evaluates the annexation application.

A second element required for LAFCo proceedings is the Protest Hearing. Protest proceedings provide a process for registered voters and property owners to formally voice their approval or disapproval of the annexation. If no written protests are filed, LAFCo will adopt a resolution ordering the annexation without an election (an election that is separate from the tax election). If written protests are received, LAFCo will determine within 30 days the validity of the written protests by confirming the registered voter and property owner status of the protestors. Annexation proceedings are terminated if a simple majority of the registered voters protest. If written protests are received by 25% or more of registered voters, LAFCo will order an election to determine the outcome of the annexation. If written protests are received from fewer than 25% of registered voters, LAFCo will order the annexation without an election.

At the third public meeting, the LAFCo Commissioners adopt the resolution ordering the annexation, subject to the outcome of the special tax election. A Certification of Completion is not recorded until the special tax election is satisfactorily completed.

Because LAFCo meets every other month, staff intends to submit a completed application packet by March 14, 2011, in order to allow the matter to be heard at the May 12, 2011 meeting.

Special Tax Election Process

In order to establish a financing mechanism for EMS services and annexation into the EMS District, the City can use its own authority to levy a special tax. Subdivision (d), Section 1, Article XIII of the California Constitution states that a *special tax means any tax imposed for specific purposes*, including the provision of EMS services. Special taxes must be approved by 2/3rds majority of the qualified voters in the service area, which in this case is the City of Alameda.

In order to get the special tax approved by the voters and certified for placement on the FY11-12 tax rolls, the City must hold an election no later than June 2011. Because the Alameda County Registrar of Voters currently has no election items for a June 2011 General Election, it would be in the City's best interest financially to initiate a mailed ballot, which must commence by May 3, 2011.

To initiate a special tax election, the Elections Code requires that the City Council submit to the electorate an ordinance proposing the type of tax, rate of tax, and method of tax collection. The City Council will have to approve a resolution authorizing the ordinance, establishing the ballot language, and directing the City Attorney to prepare an impartial analysis of the measure to the City Clerk. The Elections Code also allows

the City Council to author an argument in favor of the special tax, which will be included in the voter pamphlet.

Available Alternatives

In consultation with legal counsel, staff has identified several alternatives that allow the City to maintain its existing EMS services while contributing approximately \$860,000 in annual funding to ECHCS. The alternatives include:

1. Participate in the EMS District Program by contract with no financing mechanism. The City will still be obligated to pay the County, presumably from its General Fund.
2. Participate in the EMS District Program by contract, and use the City's taxing authority to levy a special tax through a ballot measure.
3. Annex into the EMS District and use the City's taxing authority to levy the special tax through a ballot measure.
4. Annex into the EMS District and use the District's taxing authority to levy the special tax through a ballot measure following annexation.
5. Annex into the EMS District; the District levies the tax in the City of Alameda based on its existing Measure C special tax.

After careful analysis, staff considers option number three as the best alternative to pursue. With this alternative, the City's EMS status is consistent with other transporting cities; payments to the County are funded by property owners (as in other Alameda County cities); and the tax can be effective for the FY11-12 tax role as opposed to the FY12-13 tax role if alternatives number four or five were used. If the EMS District uses its authority to levy the tax, as outlined in alternatives four and five, then the EMS District must go through an additional tax certification process with the State Board of Equalization, which would delay the authorization for tax collection.

FINANCIAL IMPACT

There are costs to initiate a LAFCO annexation, and costs to initiate a special tax election, that can vary depending on when the election is scheduled. The costs associated with a LAFCO annexation include: approximately \$5,000 for the LAFCO application, noticing, and recordation. There will also be staff costs to prepare the CEQA analysis and several maps required for the application. These costs are applicable to alternatives three, four, and five.

The costs associated with initiating a special tax election will vary depending on when the City Council chooses to schedule the election. Alternatives two, three, four, and five would be subject to these costs, based on the assumption that the EMS District would

seek reimbursement for alternatives four and five, but would also likely schedule its election in November 2011. The estimated costs are as follows:

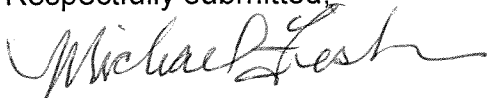
- \$280,000 for a June 2011 election
- \$125,000 for a May 2011 mailed ballot election
- Nominal additional printing costs for a November 2011 election, since the costs for this election will be included in the City Clerk's FY11-12 Elections program budget (001 2220).

Funding for both the LAFCO annexation and the special tax elections for May or June 2011 were not included in the City's FY10-11 budget and will require a transfer from the available uncommitted General Fund cash balance, currently approximately \$14 million, into the City Clerk's Elections program budget. If the City Council chooses to pursue a November 2011 special tax election, then the City will have missed the August 2011 deadline to for placement on the property tax roles and will have to fund the FY11-12 EMS payment from the General Fund.

RECOMMENDATION

Adopt a Resolution authorizing the Interim City Manager to apply for annexation into the Alameda County Emergency Medical Services Special District, and authorize the Interim City Manager to initiate a special tax election to provide financial support for annexation into the District.

Respectfully submitted,



Michael Fisher
Interim Fire Chief


















Approved as to funds and account,



 Fred Marsh
Controller

Exhibit: LAFCo and Prop. 218 Timeline

LAFCo and Prop. 218 Timeline

Task	Start	End	Days	January	February	March	April	May	June	July	August
City Council Annexation Resolution	01/04/11	01/04/11	0								
LAFCO Application Preparation	01/04/11	03/05/11	60								
EMS District Meeting	02/15/11	02/15/11	0								
LAFCO Application Due	03/14/11	03/14/11	0								
LAFCO Application Review Period	03/15/11	04/19/11	35								
LAFCO Application Notice Period	04/21/11	05/12/11	21								
LAFCO Application Meeting	05/12/11	05/12/11	0								
LAFCO Protest Notice Period	05/26/11	06/16/11	21								
LAFCO Protest Hearing (<i>Estimate</i>)	06/16/11	06/16/11	0								
LAFCO Meeting - Final Annexation Approval	07/14/11	07/14/11	0								
LAFCO Records Certificate of Completion	07/20/11	07/20/11	0								
City Council Special Tax Resolution	02/01/11	02/01/11	0								
Election Code Timetable	02/04/11	05/03/11	88								
Special Tax Election (Mailed Ballot)	05/03/11	05/03/11	0								
Registrar of Voters Certifies Tax Election	05/04/11	06/03/11	30								
City Council Certifies Tax Election & Orders The Collection of the Tax	06/07/11	06/07/11	0								
County Auditor Tax Role Deadline	08/10/11	08/10/11	0								

CITY OF ALAMEDA RESOLUTION NO. _____

A RESOLUTION OF APPLICATION REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO BEGIN PROCEEDINGS FOR THE ANNEXATION OF THE CITY OF ALAMEDA INTO THE ALAMEDA COUNTY EMERGENCY MEDICAL SERVICES DISTRICT - COUNTY SERVICES AREA (CSA) EM-1983-1

BE IT RESOLVED, by the City Council of the City of Alameda, that

WHEREAS, the Alameda County Emergency Medical Services (CSA) EM 1983-1 (the "District") is a dependent special district created to provide emergency medical services, including paramedic and trauma medical care, within Alameda County; and

WHEREAS, the City of Alameda desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for the annexation of the incorporated area of the City of Alameda into the District; and

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each subject agency; and

WHEREAS, the territory proposed to be annexed is inhabited, and the boundaries of the territory are identical to the incorporated boundaries of the City of Alameda; and

WHEREAS, the proposal is consistent with the Sphere of Influence of the City of Alameda and the District; and

WHEREAS, the reason for the proposed annexation is to maintain essential emergency paramedic and trauma care services; and

WHEREAS, the City Council of the City of Alameda certifies that an appropriate Environmental Clearance process in compliance the California Environmental Quality (CEQA) will be pursued; and

WHEREAS, the City of Alameda has determined that the proposed annexation will not involve an exchange of property tax revenue; and

NOW, THEREFORE, BE IT RESOLVED that this Resolution of Application is hereby adopted and approved by the City Council of the City of Alameda, and the Local Agency Formation Commission of Alameda County is hereby requested to take proceedings for the annexation to the District of the incorporated territory of the City of Alameda, according to the terms and conditions stated above, in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Approved as to Form

City Attorney

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I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in regular meeting assembled on the 4th day of January, 2011, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of the said City this 5th day of January, 2011.

Lara Weisiger, City Clerk
City of Alameda